



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Implementing the Treatment and Direct Utilization of the Surface Water Supply from the Woodbridge Irrigation District Contractual Allotment and Authorizing Solicitation of Proposals for Technical Studies of Implementing this Option or Direct Staff in the Alternative

MEETING DATE: December 20, 2006

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt a resolution initiating direct use of the Woodbridge Irrigation District (WID) annual 6,000 acre-feet contractual allotment by authorizing the solicitation of proposals for technical studies as described below or direct staff in the alternative.

BACKGROUND INFORMATION: On several past occasions, the City Council has received information regarding the usage of the City's contracted 6,000 acre-feet per year of Mokelumne River water from WID.

At the June 21, 2006 meeting, Council deferred making a decision whether to proceed with technical studies leading toward implementation of a surface water treatment facility and, instead, directed staff to investigate possible financing alternatives. At the shirtsleeve meeting of November 14, 2006, Council received information regarding a financial model to create a community facility district to finance the required water infrastructure. The model showed that the debt service (principal and interest) could reasonably be assigned to new development projects and that current rate payers could be insulated from rate increases associated with construction of surface water treatment facilities.

Summary of Supporting Information

The reasons behind the staff recommendation for direct use of the WID water are many. Briefly, they are:

- **Diversification of Supply** – Use of multiple supply sources is the preferred model for urban water providers. In particular, conjunctive use of surface water and groundwater is a key element in the California Water Plan. Key to this strategy is using surface water when it is available (in-lieu recharge) and using groundwater in dry years. This strategy is being embraced by many Central Valley cities.
- **Sustainable Use** – The groundwater basin in which Lodi draws its water is being overused to the point the area is seeing water quality being adversely affected. This is not a sustainable practice. The United States Geological Survey has issued a report on groundwater use in the Western States that states: "Prudent management would give serious consideration to strategies that rely on surface water and hold groundwater in reserve."
- **Improvement in Wastewater Quality** – Mokelumne River water is substantially lower in total dissolved solids (TDS) than our groundwater. Using this source will reduce the TDS of our

APPROVED:

Blair King, City Manager

wastewater by 14% to 28% depending on a variety of factors. Since our effluent is very near the current goal for Delta discharges, a reduction could help forestall more expensive treatment.

- Recommendations from Others – Staff routinely meets with other water providers in the area and has sought out their opinions on this question. A large majority of those opinions recommend direct use. We have received formal support for direct use from WID and North San Joaquin Water Conservation District Boards.
- Legal Support – While legally either option can be done, staff sought the legal opinion of an expert in water rights. Dan O'Hanlon, of Kronick, Moscovitz, Tiedeman & Gerard has been assisting the City in the PCE/TCE issue and other matters. He is also legal counsel for a number of water districts outside San Joaquin County. The City Attorney has provided the Council a confidential memo on the subject. The Summary of Conclusions states:

"You have asked me to review the potential legal implications of alternative approaches to use of the surface water supply that the City of Lodi has acquired through a contract with Woodbridge Irrigation District. The City is considering two basic options: (1) use the surface supply to recharge the groundwater aquifer, and continue to rely on groundwater as its sole source of supply; or (2) treat and use the surface supply directly, and thereby reduce its use of groundwater.

In our view, the second option, treating and directly using the surface supply, offers the most protection for the City's rights to its water supply. Likewise, we believe that treating and directly using the surface supply puts the City in the strongest position to satisfy its obligations to plan for and provide reliable water supplies. The reasons for these conclusions are discussed below.

Our review is limited to the potential legal implications of the two alternative courses of action. We have not addressed and express no view regarding the relative costs of the two courses of action, or any other relevant factors that may influence the City's ultimate view of the best course of action."

Recommendation

Staff is requesting City Council approval to initiate implementation of the direct use option to utilize the WID 6,000 acre-feet contractual allotment. The first steps will be to solicit proposals from three water consulting firms: HDR, RMC, and West Yost & Associates, all of whom were previously pre-qualified for Lodi water studies. The time frame from proposal solicitation to final deliverables is 12 months and the estimated cost is expected to range from \$250,000 to \$500,000. The studies are all interrelated and will include:

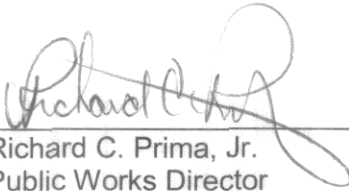
- Process Evaluation/Pilot Study – This study will evaluate various technologies for direct use of the water, with emphasis on meeting the latest and anticipated regulatory requirements and minimizing taste and odor issues.
- Watershed Sanitary Survey – One regulatory requirement for use of surface water is a study of the source waters to identify potential contaminants and other issues that could affect the design of the system.
- Site Assessments – As noted, there are at least two potential sites for the necessary facilities. These need to be evaluated in light of the two previous studies.

- **Cost Estimates** – These will pull together the information from the three previous studies and evaluate alternatives on a cost basis. Included in this will be consideration of possible arrangements with other water providers and potential for phased construction.
- **Financing Plan** – This will refine arrangements to finance the facilities and impacts to development fees.
- **Environmental/Regulatory Actions** – The project will need an environmental impact report and a permit from the State Department of Health Services.
- **General Plan** – While this is a separate endeavor, staff will work with the General Plan consultants to incorporate appropriate policies and implementation measures. Given that 2/3 of the City's water supply will still come from groundwater, staff will recommend that the City pursue groundwater recharge, using storm water and any other intermittent water supply that may become available.

FISCAL IMPACT:

No fiscal impact at this time. Staff will return to Council requesting authorization to execute a professional services agreement with the successful firm. Note that the City is paying WID \$100,000 per month for this water. The banking provisions of the agreement provide for our future use of past paid-for water at a later date. WID has agreed to a four-year extension of the banking provisions and staff will be returning to Council for formal approval when the actual wording of the agreement amendment is finalized.

FUNDING AVAILABLE: Water Fund (Water Impact Fees)



Richard C. Prima, Jr.
Public Works Director

Prepared by F. Wally Sandelin, City Engineer/Deputy Public Works Director

RCP/FWS/pmf

cc: Steve Schwabauer, City Attorney
Wally Sandelin, City Engineer/Deputy Public Works Director
Anders Christensen, Woodbridge Irrigation District
Mel Lytle, San Joaquin County Water Resources Division
Mark Madison, City of Stockton Municipal Utilities
Ed Steffani, North San Joaquin Water Conservation District
Dan O'Hanlon, KMTG

RESOLUTION NO. 2006-233

A RESOLUTION OF THE LODI CITY COUNCIL IMPLEMENTING
THE TREATMENT AND DIRECT UTILIZATION OF THE
SURFACE WATER SUPPLY FROM THE WOODBRIDGE
IRRIGATION DISTRICT CONTRACTUAL ALLOTMENT AND
FURTHER AUTHORIZING SOLICITATION OF PROPOSALS FOR
TECHNICAL STUDIES OF IMPLEMENTING THIS OPTION

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NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby
approves implementing the treatment and direct utilization of the surface water supply
from the Woodbridge Irrigation District contractual allotment; and

BE IT FURTHER RESOLVED that the Lodi City Council further authorizes
solicitation of proposals for technical studies of implementing the above option.

Dated: December 20, 2006

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I hereby certify that Resolution No. 2006-233 was passed and adopted by the
City Council of the City of Lodi in a regular meeting held December 20, 2006, by the
following vote:

AYES: COUNCIL MEMBERS – Hansen, Katzakian, Mounce, and
Mayor Johnson

NOES: COUNCIL MEMBERS – Hitchcock

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None



RANDI JOHL
City Clerk

CITY COUNCIL

BOB JOHNSON, Mayor
JOANNE L. MOUNCE
Mayor Pro Tempore
LARRY D. HANSEN
SUSAN HITCHCOCK
PHIL KATZAKIAN

CITY OF LODI
PUBLIC WORKS DEPARTMENT

CITY HALL, 221 WEST PINE STREET
P.O. BOX 3006

LODI, CALIFORNIA 95241-1910

(209) 333-6706

FAX (209) 333-6710

EMAIL pwdept@lodi.gov

<http://www.lodi.gov>

BLAIR KING

City Manager

RANDI JOHL

City Clerk

D. STEVEN SCHWABAUER

City Attorney

RICHARD C. PRIMA, JR.

Public Works Director

December 15, 2006

Anders Christensen
Woodbridge Irrigation District
18777 N. Lower Sacramento Road
Woodbridge, CA 95258

Mel Lytle
San Joaquin County
Water Resources Division
1810 E. Hazelton Avenue
Stockton, CA 95201

Mark Madison
City of Stockton
Municipal Utilities
2500 Navy Drive
Stockton, CA 95206

Ed Steffani
NSJWCD
P.O. Box 3006
Lodi, CA 95240

Dan O'Hanlon
KMTG
400 Capitol Mall, 27th Floor
Sacramento, CA 95814-4416

SUBJECT: Adopt Resolution Implementing the Treatment and Direct Utilization of the Surface Water Supply from the Woodbridge Irrigation District Contractual Allotment and Authorizing the Solicitation of Proposals for Technical Studies of Implementing this Option or Direct Staff in the Alternative

Enclosed is a copy of background information on an item on the City Council agenda of Wednesday, December 20, 2006. The meeting will be held at 7 p.m. in the City Council Chamber, Carnegie Forum, 305 West Pine Street.

This item is on the regular calendar for Council discussion. You are welcome to attend.

If you wish to write to the City Council, please address your letter to City Council, City of Lodi, P. O. Box 3006, Lodi, California, 95241-1910. Be sure to allow time for the mail. Or, you may hand-deliver the letter to City Hall, 221 West Pine Street.

If you wish to address the Council at the Council Meeting, be sure to fill out a speaker's card (available at the Carnegie Forum immediately prior to the start of the meeting) and give it to the City Clerk. If you have any questions about communicating with the Council, please contact Randi Johl, City Clerk, at (209) 333-6702.

If you have any questions about the item itself, please call Wally Sandelin, City Engineer, at (209) 333-6709.

R. Prima

for : Richard C. Prima, Jr.
Public Works Director

RCP/pmf

Enclosure

cc: City Clerk



Fork in the Road

Recommended

**Direct Use –
Treat & Drink**

Since 2003
WID Surface Water
Contract ~
How do we use the
water?

While we decide:

- Pay WID \$1.2 M each year
- Bank (on paper) for past three years
- WID approved four more years

Recharge

Why Treat & Drink (Direct Use)?

- ✦ Supply diversification, best use (conjunctive use)
- ✦ Sustainable practices
- ✦ Reduction in drinking water hardness
- ✦ Reduction in wastewater salinity
- ✦ Recommendations from other experts
- ✦ Legal Support, issues with recharge

Questions/Answers

- ✦ Election?
 - one new Council member
- ✦ Measure H?
 - failed
- ✦ Ratepayer impact?
 - presented land-based financing method

Next Steps – Pursue Direct Use

Formal Studies:

- ✦ **Process Evaluation/Pilot Study**
- ✦ **Watershed Sanitary Survey**
- ✦ **Site Assessments**
- ✦ **Cost Estimates**
- ✦ **Financing Plan**
- ✦ **Environmental/Regulatory Actions**

Other:

- ✦ **General Plan – Recharge with Storm Water, other intermittent water**
- ✦ **Continue to pay WID \$100,000 per month**

Costs ~ Recharge vs. Direct Use

Recharge vs. Direct Use Capital Costs

Low Range

High Range

Recharge: \$ 6,013,000

leased land @
\$350/acre for 40
years

\$ 30,301,000

purchased land @
\$300,000/acre

Recharge
w/Recovery: \$11,013,000

above plus
transmission
system

\$ 35,301,000

above plus
transmission
system

Direct Use: \$29,500,000

latest estimate
Note: All
estimates are
very preliminary

\$ 36,700,000

2004 estimate